

Appendix H

Management Control Evaluation Checklist Accounting Operations

A. Function. The function covered by this checklist is for the accounting operations.

B. Purpose. The purpose of this checklist is to assist the finance and accounting officer/defense accounting officer in evaluating the key management controls listed below. It is not intended to cover all controls.

C. Instructions. Answers must be based on the actual testing of key management controls (For Example, document analysis, direct observations, sampling, simulation, other). Answers which indicate deficiencies must be explained and corrective action indicated in supporting documentation. These management controls must be evaluated at least once every five years or when there is a change in the account holder. Certification that this evaluation has been corrected must be accomplished on DA Form 11-2-R (Management Control Evaluation Certification Statement). DA Form 11-2-R is located in the back of this regulation. Reproduce this form on 8 1/2 X 11-inch paper. If a U.S. Army accounting activity, complete the Internal Control Program listed below within 120 days from the date of this publication and every 5 years thereafter or when there is a change in account holders. See AR 11-2 (Management Control) for specific requirements of the Internal Control Program. If accounting activity has been capitalized under Defense Finance Accounting Service-Indianapolis Center (DFAS-IN), use DFAS 5010.38-R (Internal Management Control Program), dated February 1993, for policy guidance. However, defense accounting officers will use this Appendix to establish the local Internal Control Program since it has been tested and proven over several years. If a DFAS accounting activity, this appendix may be expanded for your particular use/environment.

D. Test Questions(Negative answers indicate a management control weakness.)

1. a. Does a document (standing operating procedure (SOP), local regulation, and so forth) exist that briefly identifies what a sound control environment is, why it is necessary, and management's support for it?
1. b. Is this document required reading on at least a biennial basis by all employees?
2. Are officers or employees in key stewardship positions unrelated (by blood or marriage) to one another?
3. Are employees who handle cash and other valuables strongly encouraged to take full continuous annual vacations and their duties then assigned to other employees?
4. Are duties separated so that no single individual can control a series of related transactions from beginning to end?
5. Are accounting documents canceled to preclude reuse?
6. Does management make periodic scheduled, as well as, unannounced inspection tours?
7. Are audit reports or synopses thereof systematically distributed to managers and supervisors?
8. Does the internal audit office report to an official independent of the operations under review?
9. Are internal audit reports reviewed and acted on by senior management officials?
10. Does management follow up on audit findings?
11. As a minimum, are managers and supervisors afforded an opportunity to obtain remedial training to keep them abreast of state-of-the-art methodologies in their fields?
12. If manual submission required, are sequentially numbered transmittal letters (TLs) (different numbers for each type of transmitted data or activity that transmits data) used to forward documents?
13. If manual submission required, FAO/DAO notified of the last TL number each month?

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14. Does the accounting branch analyze and control all accounting documents requiring posting to the general and subsidiary ledgers of the installation?
15. Are accounting documents or notification thereof, including transportation requests (TRs), Government bills of lading (GBLs), Air Mobility Command military transportation authorizations (MTAs), and so forth, forwarded to the FAO/DAO by issuing offices as received, but in no case later than the next workday?
16. If manual submission required, are internal controls adequate to identify missing or incomplete transmittals, and is aggressive action taken to obtain missing documents?
17. Are journal vouchers (JVs) properly approved and controlled?
18. If required, are manual or mechanized files maintained for all orders outstanding (including contracts), unpaid accrued expenditures, and accounts payable?
19. If required, are all documents and transmittals received, blocked promptly by the accounting branch?
20. Are controls over block tickets adequate to identify their location and timely processing and acceptance into the mechanized system?
21. Do block tickets show the total value of the documents contained in the blocks?
22. Are all actions required within the accounting branch considered when filling out the routing section of the block ticket?
23. Are records maintained that show the status of all blocks initiated to ensure that necessary blocks have been completed within the current accounting period?
24. Are documents processed within two (2) workdays after receipt?
25. Are monthly cutoff dates for input of accounting data clearly communicated to serviced activities?
- 26a. Are the required additional copies of vouchers concerning transactions for others (TFOs) identified and separated from other vouchers for forwarding with related reports?
- 26b. Are TFO voucher copies properly supported to permit identification of the corresponding obligation or receivable by the funded station?
- 26c. Are TFO and cross-disbursing transmittals produced each week and dispatched within three (3) workdays?
- 26d. If TFO and cross-disbursing transmittals are mechanized and manual changes made, are corresponding changes made to the RCS CSCFA-302 report not later than the following accounting month?
- 26e. Are TFO rejects received cleared within two (2) weeks of receipt?
- 26f. When appropriate, are erroneous source documents (contracts, payroll master files, and so forth) that will result in recurring rejects corrected on receipt of the initial reject?
- 26g. Are uncleared transaction by others (TBO) listings from Defense Finance and Accounting Service-Indianapolis Center (DFAS-IN) reviewed in sufficient detail and actions to resolve uncleared transactions initiated and cleared within 60 days?

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26h. Are TFO/TBO Transmittal Recap lists received from DFAS-IN reviewed and discrepancies followed up with appropriate fiscal stations?

27. Are incoming interfund bills processed promptly?

27a. When the DFAS-IN uncleared interfund transactions list identifies an interfund bill that has not been received, is a Defense Automatic Addressing System (DAAS) inquiry record forwarded to DAAS?

27b. Are detail interfund billing records balanced with the related summary billing record before incoming bills are further processed?

27c. Are requests for duplicate billings and for bills not received forwarded to billing offices promptly?

28. Are edit tables established in conjunction with activities serviced?

29. Are edit tables updated within two (2) workdays after receipt of changes thereto?

30. Does the person responsible for edit table maintenance receive copies of all changes to the edit table?

31. After changes have been input to the system, are they reviewed for accuracy?

32. Have timeframes been established for the routing and forwarding of conversion data?

33. Are input schedules realistic in view of reporting due dates, and so forth?

34. Is output provided per pre-established schedules?

35. Are accounting documents received posted to the appropriate subsidiary ledgers, and are amounts verified with control totals shown on block tickets?

36. Are preliminary balances of the accounting entity's fund accounts computed daily with particular attention to suspended items, and are adjustments, when needed, processed in a timely manner?

37. Do controls exist to identify and locate accounting documents that have been processed?

38. Do locally published fund control policies exist, and are they comprehensive, definitive, and being followed?

39. Is there a current, clear, and unbroken chain of written delegation of authority to certify funds?

40. Are controls at the budget office/program managers/fund holders adequate to prevent an over-distribution of funds?

41. Are commitment controls adequate to preclude an over-commitment of funds?

42. Does the accounting system identify over-distributions of funds, and if so, is corrective action initiated?

43. Do procedures require all actions affecting a fund balance to be certified by an individual knowledgeable about that balance?

44. Does the activity's fund holders fund control register contain, as a minimum, funding documents, purpose of expenditure, amount obligated, and unobligated balance?

45. Are timely reports of available obligation authority furnished activity directors?

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46. For foreign military sales (FMS) direct cite orders, does the obligation authority allotment instrument show the country, case, and line for which obligation authority is issued?

46a. Do you have direct access to the automated system for obtaining FMS obligation authority?

46b. Have you developed and published FMS SOPs for obtaining obligation authority?

46c. Does the FMS SOPs cover the process for emergency obligation authority (for example, after hours for system or system outage)?

46d. Are there controls to assure that FMS obligation authority obtained under emergency conditions is input to the automated system as soon as the system becomes available?

46e. Are FMS obligation authority adjustments that are based on billings or contract modifications being made within 2 workdays of notification of the adjustment?

46f. Are FMS obligation authority requests based on validated requisitions, procurement requests or equivalent documents that will, on receipt of obligation authority, result in recording of commitments and/or obligations?

46g. Do you have direct access to the automated system for obtaining FMS expenditure authority (EA)?

46h. Have you developed and published FMS SOPs for obtaining EA?

46i. Do the FMS SOPs cover obtaining EA under emergency conditions (after normal business hours for the system or during system outages)?

46j. Are there controls to assure that FMS EA obtained under emergency conditions is input to the automated system as soon as the system becomes available?

46k. Are FMS EA adjustments that are based on actual disbursements being made in the same month that notification of the adjustments are received?

46l. Are requests for FMS EA supported by contractor invoices, interfund bills, SFs 1080, travel vouchers, and so forth, before EA is pulled?

46m. Is there an EA issue document for all disbursements for FMS orders covered under direct cite obligation authority procedures?

46n. Do procedures ensure that FMS EA is obtained prior to disbursements?

46o. Are pullers of EA adequately trained in FMS billing procedures?

46p. For FMS cases, is there an obligation authority history file (or equivalent), and is it used to substantiate obligation authority utilization?

46q. Are FMS direct cite allotments and customer orders reconciled to case records on at least a semiannual basis?

46r. At year-end, do FMS orders reported in the certified status reports equal obligation authority utilization as recorded in the Program Budget Accounting System (PBAS)?

46s. Is it routine to compute the amount to be disbursed before EA is pulled?

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- 46t. When EA must be pulled in bulk prior to disbursement, do procedures ensure that EA adjustments are processed within 5 workdays of receipt of paid vouchers?
- 46u. Does the activity receive a copy of the monthly MAPPER report that compares disbursements to EA pulls?
- 46v. If the activity is getting the MAPPER, do they use it to make corrections/adjustments?
47. Are accrual accounting and double entry bookkeeping being used?
48. Are all journals and the general ledger properly maintained?
49. Are other appropriate subsidiary ledgers maintained?
50. Are all required transactions under general ledger control?
51. Are accounts being used that deviate from the general ledger accounts?
52. Is a trial balance developed each month to ensure records balance?
53. If applicable, are interim totals in specific allotment ledgers developed as frequently as necessary throughout the month to facilitate month-end totaling and processing?
54. When required, are fixed assets being depreciated properly?
55. At DBOF-Depot Maintenance, Army (DBOF-DMA) installations, are reserves for capital items established and controlled properly?
56. Is accounting for capital assets performed properly?
57. Are commitments recorded and reported in the proper accounting period for Army procurement appropriations; research, development, test, and evaluations (RDTE) appropriations; applicable divisions of the DBOF; and construction appropriations?
58. Are commitments recorded at the proper level of each accounting classification?
59. Is the commitment balance adjusted by the FAO/DAO as a result of the review of contingent liabilities?
60. Are joint reviews and necessary adjustments made of initiations, commitments, and obligations?
61. Are reviews made of all disbursement and collection vouchers affecting the specific allotments of the installation for the purpose of liquidating the obligations involved and computing necessary adjustments to previously recorded obligations, commitments, or reservations?
62. Are obligations recorded and adjusted promptly on receipt of supporting documents?
63. Are all obligations recorded in the appropriate accounting period?
64. Are commitment, obligation, accrual, and disbursement actions processed in a timely manner?
65. Are Defense Contract Management Area Office (DCMAO) administered contracts that cite either RDTE, Army Procurement Appropriations, DBOF-DMA, or operation and maintenance, Army (OMA) funds not accrued until disbursed?

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- 66. Are miscellaneous obligation documents (MODs) properly supported, justified, approved, and signed by the appropriate official?
- 67. Are MODs reviewed on a timely basis to assure accuracy and receipt of actual obligating documents?
- 68. Is there a continuing and adequate review of open commitments and unliquidated obligations by responsible accounting personnel?
- 69. Are joint reviews of unliquidated obligations (ULOs) conducted quarterly by accounting personnel and representatives of the activities serviced?
- 70. Are obligations adjusted or canceled that are not for bona fide needs or for which disbursements will not be required?
- 71. Are adjustments, including contract modifications, recorded promptly on receipt of supporting documentary evidence?
- 72. Are reimbursable orders received that are recorded in expiring appropriations adjusted to agree with obligations at fiscal year-end?
- 73. For non-expiring multi-year appropriations, are orders received adjusted to the greater of earnings or obligations at fiscal year-end?
- 74. For expiring multi-year appropriations, are unobligated earned reimbursements (with related orders and receivables or collections) moved to miscellaneous receipts?
- 75. Is a suspense file of DD Forms 1351 (Travel Voucher) maintained to support the travel advance account?
- 76. Is appropriate follow-up action taken and documented on delinquent advances?
- 77. Are controls adequate to ensure that related travel obligations in specific allotment accounts are not liquidated without settlement of the open travel advance?
- 78. Have interest, penalties, and administrative charges been properly computed and administered on travel advances that are subject to late payment charges?
- 79. Are DD Forms 870 (Request for Fiscal Information Concerning Transportation Requests, Bills of Lading, and Meal Tickets) or MTAs prepared and forwarded to the appropriate activity promptly when required?
- 80. Is a DD Form 870 suspense file maintained, and is follow-up action initiated?
- 81. Are transportation officers notified when DD Form 870 requesting documents are received from DFAS-IN?
- 82. Are requests for refunds for unused tickets processed on a timely basis?
- 83. Are suspense follow-ups made for unused ticket refunds not received within 120 days?
- 84. Are customers billed at least monthly?
- 85. Are bills generated by automated systems processed and sent within 2 days after they are generated?
- 86. Are bills for FMS cases reviewed for correct contract administrative surcharges, transportation, packing, crating, handling, and other "below-the-line" charges?

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87. Is a monthly delinquent account report submitted to the installation commander or his or her designated representative, and is there evidence of appropriate staff action with the commander of the accounting activities serviced to expedite collection?

88. Are appropriate actions taken to effect collection (including charging interest, penalties, and administrative charges) once an account receivable is determined to be delinquent?

89. Are accounts determined to be uncollectible disposed of by either writing-off (less than applicable limit) or transferring to DFAS-IN?

90. Are TBOs processed in their entirety within 2 weeks of receipt?

91. Are TBO vouchers rejected only for authorized reasons?

92. If interfund cash is not sufficient to cover interfund bills, is action taken to resolve the problem?

93. Are interfund billings prepared at least monthly and dispatched promptly?

94. When processing interfund bills--

94a. Does the system flag bills not previously obligated?

94b. Are flagged bills that are misrouted sent to proper address?

94c. Are properly addressed, but flagged bills researched to determine the cause for the flagging action, and is corrective action taken--

94c.(1) With the requisitioner to verify that the charges are valid? or

94c.(2) To identify possible misuse of the supply system?

95. Are responses to requests for interfund billing adjustment, duplicate billing, or billing status prepared and dispatched promptly?

96. Are DFAS-IN interfund edit accepted lists reviewed on receipt?

97. Are all interfund detail bills applied to a valid appropriation or the interfund suspense account?

98. Are interfund billing adjustment requests prepared and dispatched within 2 workdays to the billing office?

99. Are follow-up actions taken on interfund transactions when appropriate?

100. Are funded and automatic orders received adequately documented and recorded only on authorized acceptance of the orders (quarterly for estimates, on receipt of cash for most orders from non-Federal sources)?

101. Is all reimbursable work or service performed on the basis of an accepted customer order?

102. Are customer orders recorded within 2 workdays of acceptance?

103. Is there a program that requires periodic reviews of the status of work accomplished on reimbursable orders?

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- 104. Are customers promptly advised of unearned balances that are available for withdrawal?
- 105. Are reimbursements earned recorded in the month that services were performed or supplies issued?
- 106. Is an accounting entry made to record military labor and other unfunded costs?
- 107. Are collections for unfunded costs credited to the appropriate receipt account or to the appropriation originally charged for those costs?
- 108. Is action taken to obtain receipt acknowledgement for outstanding creditable returns?
- 109. Are follow-up for receipt acknowledgment (FTT) and follow-up for materiel returns program credit (FTP) records being forwarded to supply managers?
- 110. Is accountability maintained over inventory in transit, accounts payable, simultaneous fund obligation transactions, write-offs, and creditable returns?
- 111. Are the availability balance file, price extension and reconciliation file, fund cash control file, and dues-in/undelivered order file maintained properly?
- 112. Are accounting system error lists reviewed and, when necessary, corrected?
- 113. Is the cost accounting system integrated with the general accounting system?
- 114. Are direct and indirect costs being properly allocated among cost centers and projects?
- 115. Are actual and standard or estimated costs compared and all variances analyzed?
- 116. Are operating supplies and large quantities of materials that cannot be tied to a specific job order treated as overhead rather than direct costs?
- 117. Are losses that result from customer's inaccurate specifications or changes in quantity recovered as a direct charge to that particular customer's order?
- 118. Are reports of costs and variances provided promptly to the responsible operating segment so that unfavorable conditions can be detected?
- 119. Are summary reports of variances forwarded monthly to general management and to operating divisions?
- 120. Are funded and unfunded costs recognized and accounted for separately?
- 121. Are in-house and contracted costs separately identified on billing documents?
- 122. Are cost transfers processed for funded supplies issued between organizational units?
- 123. Are cost control, detail, and necessary auxiliary records maintained to accumulate costs and prepare required cost reports?
- 124. Are installation-level reports submitted on time; inclusive of all pertinent data, including military labor costs when required; and corrected when necessary in accordance with Chapters 29, 31, and 32?
- 125. Are reports for accounts office, major Army command (MACOM), General Operating Agency (GOA), and Special Operating Agency (SOA) levels submitted on time; inclusive of all pertinent data including military labor costs when required, and corrected when necessary in accordance with Chapter 30, 31 and 32?

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126. Is feedback from DFAS-IN analyzed and used as the basis for correction in accordance with Chapter 31?

127. When performing analyses of reconciliations of accounting data --

127a. Are commitments, ULOs, unfilled orders, and accounts receivable files inventoried and balanced with subsidiary and general ledgers?

127b. Are significant adjustments in expired appropriations reviewed to determine cause?

127c. Are causes of significant adjustments in expired appropriations brought to the FAO's/DAO's attention?

127d. Are open advances paid by own station verified monthly with DD Form 1588 (Record of Travel Payments)?

127e. Are suspended TBOs (P9966) adequately monitored and resolved within 2 months?

127f. Are recurring or longstanding TFO/TBO problems referred to the MACOM for assistance?

127g. Do suspended interfund and TFO/TBO charges and credits meet the minimum dollar and billing advice code criteria?

127h. Is there a daily reconciliation of cash between disbursing and accounting records?

127i. Are sales officers and others depositing funds with the cashier required to provide a copy of their numbered DD Forms 1131 (Cash Collection Voucher) to the accounting branch, and are these copies verified with the original collection vouchers processed into the accounts?

127j. Are the various status and expenditure reports (to include edit accepted listings) compared to ensure compatibility of related data?

127k. Are the statement of accountability data (Transaction report code (TRC) (OAR) on the RCS CSCFA-302 report in agreement with the SF 1219 (Statement of Accountability)?

127l. Are collections reported under appropriation 24X8135.8000 in the RCS CSCFA-302 report in agreement with SF 2812 (Report of Withholdings and Contributions) prepared for those payrolls paid for the month?

127m. Do disbursing officer's deposit subsidiary records identify the persons or activities making the deposits or the purpose for the deposits and properly documented?

127n. Are disbursing officer's deposit (suspense) accounts reviewed at least once every 3 months to determine if proper disposition of funds can be met?

127o. Do all disbursing officer's deposit accounts show proper balances? If not, explain.

127p. Are general ledger accounts reconciled monthly to corresponding subsidiary records and reports?

127q. Are amounts reported on the RCS CSCFA-112 for funded reimbursements earned or transferred for laundry reconciled quarterly to line 1 of the RCS CSGLD-1649 (Laundry/Dry Cleaning Operations) report?

127r. Is the fund control register reconciled monthly with the official accounting records in the FAO/DAO?

127s. Are unfilled orders for supplies reconciled monthly with the supply dues-in?

127t. Are unfilled orders adjusted to equal dues-in?

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127u. Is the DFAS-IN Uncleared Interfund Transactions List analyzed on receipt?

127v. Is the accuracy of SF 1219 verified with the disbursing office?

127w. Are reviews made of all reports that show the status of installation and tenant activity allotments?

127x. Are corrections made to accounting classifications on originals and copies of documents when errors are detected as a result of posting to installation accounts?

127y. Are summary disbursement and collection figures at the appropriation, fund, and receipt account levels developed using original disbursement and collection vouchers and proof of cash documents received daily from the disbursing division?

127z. Is a worksheet maintained to summarize disbursement and collection data at the appropriation, fund, and receipt account levels, and is it used to reconcile the RCS CSCFA-302 report?

127aa. Are reconciliations made between the summary values shown on the worksheet and SF 1219?

127bb. Are the values in the cash blotter and check register maintained by the disbursing division reconciled with the fund receipts and disbursements journals maintained by the control branch using the daily proof of cash?

127cc. Are the quarterly and annual reports pertaining to civilian personnel payroll reconciled with the general ledger accounts pertaining to civil service retirement and disability and pertinent accounts in the subsidiary ledgers?

127dd. Is SF 1149 (Statement of Designated Depository Account) prepared for each limited depository account?

127ee. Are limited depository bank statements reconciled with the check register and supporting check-issue lists?

127ff. Are financial inventory records and transactions reconciled with the supply management reports prepared by the supply office?

127hh. Are the results of periodic inspections and physical inventories reconciled with the general accounting records?

127ii. Are real-time fund control records reconciled to the accounting system on at least a monthly basis, and are differences researched and corrected?